

BUDGET LETTER

NUMBER: 96-02

SUBJECT: REVISED BUDGET CHANGE PROPOSAL (BCP) FORM

DATE ISSUED: MAY 23, 1996

REFERENCES:

SUPERSEDES:

TO: Agency Secretaries
Department Directors
Departmental Budget Officers
Departmental Accounting Officers
Department of Finance Budget Staff

FROM: DEPARTMENT OF FINANCE (DOF)

The purpose of this Budget Letter is to disseminate the newly revised Budget Change Proposal (BCP) form. *Major changes include: addition of an interdepartmental coordination sign-off on the first page, elimination of the coding of the Nature of Proposal, changes in the format for the sources of funds on page 2 of the fiscal detail sheet and changes in specific narrative detail to be provided.*

The BCP form is available in Microsoft Word 6.0 for Windows by obtaining a floppy disk from your DOF analyst or by obtaining the Word file from the DOF Budget Letter Home Page on the Internet:

<http://www.dof.ca.gov/html/budlettr/letters.htm>.

All information contained in BCPs is strictly confidential until release of the Governor's Budget. Each department is responsible for maintaining the confidentiality of their respective BCPs until approved for release (usually simultaneous with the release of the Governor's Budget in January). Disapproved BCPs and unapproved versions of BCPs remain confidential working papers and must not be released. Responses to any requests for confidential budget documents under the Public Records Act or pursuant to discovery requests should be coordinated with DOF legal staff.

Departments are strongly encouraged to provide a complete written proposal and not rely on providing answers to DOF staff's questions to provide needed justification for the request. BCPs which are incomplete by virtue of failing to provide relevant information in written form may be returned to departments without analysis at the discretion of the Department of Finance.

In order to assist in the development of high quality BCPs, suggestions on how to write effective BCPs are also attached. (Please refer to **Attachment III**.)

The following general guidelines and procedures are provided. BCPs submitted to DOF must:

- a) Be approved by the appropriate Agency Secretary, except that departments which do not report to an Agency Secretary are to submit their BCPs to the appropriate DOF Program Budget Manager (PBM). **Additionally, departments proposing changes which involve other departments must obtain and attach written concurrence and/or comments on the proposed change from the affected department(s) Director(s) or designee(s) prior to submitting the BCP to DOF. BCPs which do not have the appropriate approval and, when applicable, concurrence/comments will be returned without consideration.**
- b) Be complete and in good readable condition, including all appropriate documentation, workload statistics, and code citations. BCPs must be of good quality or they will be returned without consideration. Please do not use type fonts smaller than 12 point. Each BCP is required to be submitted on the attached form (**Attachment I and II**). Note that fiscal detail for personal services and operating expenses **must** be provided as shown on the BCP form and **not** as in the abbreviated format that will appear in the Governor's Budget. If a proposed change is funded through redirection, both the positive and negative changes must be reflected on separate Fiscal Detail Sheets (**Attachment I**). BCPs proposing redirections must include a statement of the impact on the program from which the resources will be redirected. If a BCP crosses program lines, separate Fiscal Detail Sheets must be used for each program. All program information must be consistent with the display in the Governor's Budget.
- c) **Respond to all items identified in Attachments I and II. BCPs also must describe the methods of calculation and sources of data for all numbers used. Departments are encouraged to consult with their Finance analyst on analytical approaches, data sources and content of the written BCPs prior to submission to Finance.**
- d) Be assigned a separate priority number. (Priority must be indicated by sequential numbering, with No. 1 being the highest priority.) Multiple issues may not be consolidate in a single priority. However, BCPs which address a single issue, but impact multiple divisions or units, may be consolidated. Each BCP must contain a discussion of alternative ways (other than the one being proposed) to deal with the identified problem. **Submittals which do not meet these criteria will be rejected.**
- e) **Be submitted in duplicate.** However, those BCPs requesting data processing, auditing and/or accounting positions, or which propose increased facility operations expenditures (lease costs) and which impact other departments **must be submitted in quadruplicate.**
- f) When requesting new positions, clearly establish the long and short-term benefits to be gained by increasing personnel as opposed to other possible alternatives (e.g., automation, workload readjustments), identify the other alternatives which have been considered and **reflect the minimum step of the salary range for the appropriate classification, unless otherwise justified in the BCP.**

- g) When proposing the automation of program functions, be accompanied by an approved Feasibility Study Report (FSR) for a new automation project or a previously **approved** Special Project Report (SPR) for augmentations to an approved automation function and be submitted in quadruplicate. Where appropriate, the automation of program functions should be explored.
- h) Include in the analysis how the proposal is consistent with the principles articulated in "Competitive Government, A Plan For Less Bureaucracy More Results". BCPs which do not include this or are inconsistent with those principles will not be considered.

Attachment IV provides a listing of designated lead agencies responsible for the coordination of specified subject areas/programs.

Funding for chaptered legislation which does not contain a specific appropriation must be requested in a BCP.

If you have any questions, please contact your Department of Finance budget analyst.

Sincerely,

A handwritten signature in black ink that reads "Dennis Hordyk". The signature is written in a cursive, flowing style.

DENNIS HORDYK
Assistant Director

Attachments

BUDGET CHANGE PROPOSAL
FOR

BCP No: _____

Priority No: _____

ORGANIZATION
CODE:

DEPARTMENT:

PROGRAM:

ELEMENT:

COMPONENT:

TITLE OF PROPOSED CHANGE:

SUMMARY OF PROPOSED CHANGES:

REQUIRES LEGISLATION: (Y/N) ☐

Code Section(s) to be amended/added:

BUDGET IMPACT -- Provide list and mark if applicable:

One-Time Cost ☐ Future Savings ☐ Full-Year Costs ☐ Revenue ☐

PREPARED BY:

Date:

REVIEWED BY

Date:

DEPARTMENT DIRECTOR:

Date:

AGENCY SECRETARY:

Date:

IF PROPOSAL AFFECTS ANOTHER _____ DOES OTHER DEPARTMENT
CONCUR WITH PROPOSAL? (Y/N) _____ ATTACH COMMENTS OF AFFECTED
DEPARTMENT SIGNED AND DATED BY THE DEPARTMENT DIRECTOR OR DESIGNEE.

DOF ANALYST USE (Additional Review):

CAPITAL OUTLAY ☐ TIRU ☐ FSCU ☐ OSAE ☐ CALSTARS ☐

For Information Technology requests, specify the date Special Project Report (SPR) or Feasibility Study
Report (FSR) was approved by DOIT _____. Project # _____
Indicate with an X whether FSR or SPR: FSR ____ SPR ____

BCP #:_____

BUDGET CHANGE PROPOSAL
FISCAL DETAIL
FISCAL YEAR_____

ATTACHMENT II

Date:_____

(\$ in Thousands)

Title of Proposed Change: _____

Program/Element/Component: _____

	<u>Personnel Years</u>			
	<u>CY</u>	<u>BY</u>	<u>Current Yr.</u>	<u>Budget Yr.</u>
TOTAL SALARIES AND WAGES <u>a/</u>	_____	_____	\$ _____	\$ _____
Salary Savings	-	-	-	-
NET TOTAL SALARIES AND WAGES	_____	_____	\$ _____	\$ _____
Staff Benefits <u>b/</u>	_____	_____	_____	_____
TOTAL PERSONAL SERVICES	_____	_____	\$ _____	\$ _____

OPERATING EXPENSES AND EQUIPMENT c/

General Expense
 Printing
 Communications
 Postage
 Travel -- In-State
 Travel -- Out-of-State
 Training
 Facilities Operations
 Utilities
 Consulting & Professional Services: Interdept'l (provide list)
 Consulting & Professional Services: External (provide list)
 Consolidated Data Centers
 Health and Welfare Data Center
 Stephen P. Teale Data Center
 Data Processing
 Equipment (provide list)
 Debt Service
 Other Items of Expense: (Specify Below)

() ()
 () ()

\$ _____ \$ _____

.....
a/ Itemize detail on Page II-3 by classification as in Salaries and Wages Supplement.

b/ Provide detail on Page II-3.

c/ Provide list on page II-4.

		<u>Current Year</u>	<u>Budget Year</u>
<i>TOTAL OPERATING EXPENSES AND EQUIPMENT</i>		\$ <u> </u>	\$ <u> </u>
 SPECIAL ITEMS OF EXPENSE <u>d/</u>		\$ <u> </u>	\$ <u> </u>
 TOTAL EXPENDITURES		\$ <u> </u>	\$ <u> </u>
State Operations		\$ ()	\$ ()
Local Assistance		\$ ()	\$ ()
 <u>Source of Funds</u>	<u>Appropriation No.</u> <i>Org - Ref - Fund</i>		
General Fund	_____	\$ <u> </u>	\$ <u> </u>
Special Funds	_____	\$ <u> </u>	\$ <u> </u>
Federal Funds	_____	\$ <u> </u>	\$ <u> </u>
Other Funds (specify)	_____	\$ <u> </u>	\$ <u> </u>
 Reimbursements		\$ <u> </u>	\$ <u> </u>

.....
d/ Special Items of expense must be titled. Please refer to the Uniform Codes Manual for a list of the standardized Special Items of expense objects which may be used.

DETAIL OF STAFF BENEFITS AND PERSONAL SERVICES

<u>Classification e/</u>	<u>Positions</u>		<u>Salary/Range</u>	<u>Amount</u>	
	<u>CY</u>	<u>BY</u>		<u>CY</u>	<u>BY</u>

TOTAL SALARIES AND WAGES

\$	\$	\$
<u>=====</u>	<u>=====</u>	<u>=====</u>

Current
Year

Budget

(Whole Dollars)

Staff Benefits Detail:

OASDI

\$

\$

Health Insurance

Retirement f/

Workers' Compensation

Industrial Disability Leave

Non-Industrial Disability Leave

Unemployment Insurance

Other

TOTAL */

\$	\$
<u>=====</u>	<u>=====</u>

e/ Use standard abbreviations per the Salary Supplement; use footnotes to reflect any effective date or limited term if position is not proposed for a full year. **NOTE: Information provided should appear in the same format as it would appear on the Schedule 2 (Changes in Authorized Positions).**

f/ List type of retirement, i.e., miscellaneous, safety, industrial, etc.

*/ Totals must be rounded to the nearest thousand dollars before posting to Fiscal Detail Sheet.

Department_____

BCP_____

FISCAL YEAR _____
SUPPLEMENTAL INFORMATION
(\$ In Thousands)

Identify all proposed items which fit into the categories listed below.

Current Year	Budget Year	Budget Year + One
<hr/>		

Proposed Equipment

Total

Proposed Contracts (*both
external and interdepartmental*)

Total

One-Time Costs

Total

Future Savings

Total

Full-Year Cost Adjustments

Total

BUDGET CHANGE PROPOSAL FORMAT
DETAIL OF PROPOSED CHANGES
(Each BCP must include detailed sheets which address items A. Through F.,
which are explained in Attachment III)

A. Nature of Request:

B. Background/History:

C. State Level Considerations:

D. Justification

E. Analysis of all Feasible Alternatives:

F. Timetable:

G. Recommendation:

INSTRUCTIONS FOR COMPLETION OF BUDGET CHANGE PROPOSAL FORM

When submitting a BCP that crosses programs or elements within programs, provide a summary of the overall fiscal detail and attach a separate fiscal detail sheet for each program/element affected.

Priority No.

A separate priority number must be assigned for each BCP. Priority numbers should be indicated by sequential numbering, with No. 1 representing the highest priority. (Note: Multiple issues cannot be consolidated into a single BCP.)

Organization Code

Four-digit organization code as reflected in the Uniform Codes Manual.

Department

Organization title.

Program/Element/Component

Titles as printed in the Governor's Budget.

Title of Proposed Changes

A succinct description of proposed changes. This title may be used by the Department of Finance in automated BCP tracking systems and for other purposes.

Summary of Proposed Changes

A short summary of the proposal.

Budget Impact

If applicable, check appropriate block and provide list.

Signature Approvals

Department/Agency submitting proposal must indicate approval by obtaining specified signatures. **For proposals which affect a department(s) other than the department submitting the BCP an indication must be made whether or not the affected department concurs with the proposal. A signature of the affected department's Director or designee is also required. Affected departments are encouraged to provide written comments.**

CONFIDENTIALITY

All information contained in BCPs is strictly confidential until release of the Governor's Budget. Each department is responsible for maintaining the confidentiality of their respective BCPs until approved for release (usually simultaneous with the release of the Governor's Budget in January). Disapproved BCPs and unapproved versions of BCPs remain confidential working papers and must not be released. Responses to any requests for confidential budget documents under the Public Records Act or pursuant to discovery requests should be coordinated with DOF legal staff.

Fiscal Impact:

Appropriation No.

Organization-reference-fund code(s) as reflected in the Schedule 10s and the State Controller's records. (In most instances, the numbers will refer to a Budget Act appropriation item. If a BCP impacts a statutory appropriation which has been recently enacted, contact your Finance budget analyst for the correct Non-Budget Act organization-reference-fund code(s)).

Reimbursements must be recorded under Fund No. 0995. Reference numbers for reimbursements are:

501 State Operations
101 Local Assistance
301 Capital Outlay

Reimbursements are to be treated as a source of funds in the same manner as any other source of funds. If reimbursements are proposed for increase, the amounts are positive; if proposed for reduction, the amounts are negative.

Dollar Amounts

Indicate amount of proposed program change by funding source, including reimbursements.

Positions

Number of actual positions authorized and/or required to complete the task.

Personnel Years

Personnel Years -- position count after salary savings adjustments.

Attachments

Budget Change Proposal Fiscal Detail Sheet and supporting analysis.

HOW TO WRITE AN EFFECTIVE BUDGET CHANGE PROPOSAL (BCP)

A BCP is a proposal to change the level of service or funding sources for activities authorized by the Legislature, or to propose new program activities not currently authorized.

There are a number of factors which affect whether a BCP will be approved for inclusion in the Governor's Budget, recommended by the Legislative Analyst and legislative staff, or included in the budget that the Legislature enacts. Some of these factors are outside of a department's sphere of influence.

A well written and documented BCP may not be approved at even the first stage. However, a quality BCP increases the chances that a department's proposal will be favorably considered. A poor quality BCP is easy to deny; it may even mask a critical public problem that needs to be addressed.

IT IS VERY IMPORTANT THAT YOUR PROPOSAL BE TIMELY , COMPLETE , INFORMATIVE AND CONCISE . SUCCINCTNESS AND CLARITY ARE KEY FACTORS . IF IT TAKES LENGTHY DOCUMENTATION TO IDENTIFY THE PUBLIC NEED AND JUSTIFY YOUR SOLUTION , PROVIDE THE DETAIL AS CLEARLY CROSS -REFERENCED ATTACHMENTS . REMEMBER, IT IS EASY TO DISAPPROVE A PROPOSAL WHICH IS LATE OR INCOMPLETE . THE NARRATIVE SECTIONS OF THE BCP FORM HAVE BEEN STRUCTURED TO PROVIDE ANSWERS TO MOST OF THE COMMONLY ASKED QUESTIONS REGARDING BCPs AND THEIR JUSTIFICATION . ALL SECTIONS MAY NOT BE RELEVANT TO EVERY BCP. DEPARTMENTS ARE ENCOURAGED TO PROVIDE WHATEVER NARRATIVE INFORMATION IS NECESSARY TO MAKE THEIR BEST CASE FOR THE PROPOSAL .

Much has been written about how to communicate and how to perform completed staff work. Most of the main ideas are equally applicable to preparing BCPs.

Consider the following key points when writing your proposals:

KEY POINTS:

- Know your audience.
- Have a succinct, descriptive title.
- Provide a clear and concise summary.
- Document needs/problems/opportunities, quantitatively if possible.
- Quantify workload.
- Identify benefits to be achieved, quantitatively if possible.
- Present and evaluate viable alternatives in terms of costs and benefits.
- Address history, risks and uncertainties.
- Document the required resources needed.
- Have an independent, skeptical person critically review the proposal before submission.
- Follow the instructions.

Discussion

1. Know your audience. The primary audience within the Administration is your Department of Finance (DOF) Budget Analyst. The primary audience within the Legislature is your Legislative Analyst's Office (LAO) Program Analyst, and in some cases, fiscal committee staff. These are the people who must read and understand your proposal and explain it to others. Write the proposal based upon how much information will be needed to understand the request. Keep in mind that you are primarily trying to persuade the audience of your case.
2. Give the BCP a succinct descriptive title. The title and BCP number usually are the references to the request. It is helpful to have an easily remembered title for reference purposes for questions and discussions. This name usually becomes the title used in the DOF budget tracking system, which is used in various levels of Administration budget hearings.
3. Provide a clear and concise summary of the request. This should be a brief statement of what is being requested and why. This description should provide the minimum level of detail necessary for BCP discussion and decision meetings, and generally would be excerpted into the DOF budget tracking system. For these reasons, it is important that this narrative be brief, yet clear enough so that it can stand alone.
4. A well documented request will have self-contained answers in the analysis portion of the BCP to such questions and concerns as the following:

A. Nature of Request

- What is the public need for the request?
- What is being done now by your department and others to address the problem/need?
- What resources are currently being expended in the base budget related to the request, i.e. dollars and positions?
- Why can the problem not be resolved within existing resources?
- What are the adverse impacts if this proposal is not approved? (Be realistic in this assessment.)
- Why are current efforts insufficient?
- How will the program be coordinated with other similar activities?
- What is the priority of this request versus other program activities in which the department is involved?

B. Background/History

- What is the authority (State/Federal law, regulation, Master Plan, etc.) for this program activity/service?
- What clientele is being served, who benefits?
- What is the history (recent) of similar proposals?
- What have been recent program changes?
- What other (similar) activities, past and present, address this general area and are they effective/efficient?
- Are there examples from other States or institutions where this approach has succeeded?

C. State Level Considerations

- What is State Policy (Governor, Legislature, Master Plan, Board of Trustees, etc.) concerning this issue, or a closely related one; and is this proposal consistent with such policy?
- Why should the State assume responsibility for this change? (Why not private, federal, local, etc.?)
- What is the impact on other State departments?

D. Justification

- Will this proposal actually solve the problem?
- How does the proposal affect the quality of the governmental service being provided?
- Is each component in the proposal absolutely essential or just desirable (needs vs. desires)?
- Is this a high priority long-term need, and if so, how does the proposal affect the long-term problem?
- Why is the recommended program level the correct one? Why does this have to be done now? Can it wait?
- Are or can other non-state funding sources be made available?
- Are program/proposal objectives set forth in quantifiable terms?
- What facts and figures support the recommendation?
- What statements/information from authorities and clients support the request?
- What support/opposition is there to the request?
- Any legal considerations?
- Is the proposal technologically sound?

Include *quantifiable* workload/cost information, i.e., the basis for determining the level of activities that must be performed and the related number of personnel years (PYs) requested and the dollars requested. If the proposal involves a new program for which actual workload data are unavailable, the workload assumptions, and the basis for those assumptions, should be clearly set forth in the proposal. Provide functional descriptions of what staff or other resources will accomplish.

The BCP should identify what goal/objective is to be achieved and include a discussion or provide the criteria by which the success or benefits of the request can be judged. As an example, if a proposal were to establish a pilot or new program, the request should include evaluation criteria. That is, the proposal should set forth a plan including who will evaluate, how and when the evaluation will be conducted, and what will be measured. (NOTE: *This may be more relevant in some program areas than others but certainly should be a consideration.*)

E. Analysis of All Feasible Alternatives


Include an analysis of all *feasible* alternatives to addressing the problem. A position often taken by a department is that there are no other viable/possible alternatives. Such a claim is generally refuted, since DOF/LAO often suggest alternatives. Decisions on BCPs very often reflect these "other" alternatives.

A well documented proposal also provides alternatives and presents an analysis on why the selected recommendation best meets the problem/need, and indicates what adverse action would result if the request were denied. Such analysis should incorporate the assumptions/constraints, impact on benefits or quantifiable measures of effectiveness, risks and uncertainties (probability of success).

F. Timetable

Include a timetable for implementing the request -- steps necessary, PYs, and costs.

COMMON PITFALLS TO AVOID INCLUDE THE FOLLOWING:

- 
- Untimely submission of requests.
 - Undefined problem, i.e., proposing a solution to an unspecified, unquantified problem.
 - Lack of detail relating to actual needs.
 - No/little quantification of needs/benefits.
 - Objectives unachievable, of unreasonable dimension, or not feasible.
 - Expected results are too general/not specific.
 - No/little discussion of viable, alternative solutions.
 - Insufficient documentation, workload and cost justification.
 - Unsupportable and unreasonable assumptions.
 - Lack of overall planning or coordination.
 - No indication of priority for the request.
 - Avoid addressing issues related to the request (because you think/hope others will not think of them).
 - Case not compelling.

COORDINATION OF INFORMATION

For BCPs dealing with the topics listed below, lead agencies or departments have been designated. Departments seeking funding for programs in these areas must coordinate the development of all related budget components, including BCPs, with the appropriate lead agency or department.

Topic	Lead Department	Contact	Phone
AIDS	Health Services/Office of AIDS	Wayne Sauseda	323-7415
Toxics Hazardous Substance Account (Fund 0455) Hazardous Waste Control Account (Fund 0014)	Toxic Substances Control	Charles Nunn	445-7076
Proposition 65 (Safe Drinking Water and Toxic Enforcement Act of 1986)	California Environmental Protection Agency	Laurie Monserrat	445-6900
Environmental License Plate Fund (Fund 0140)	Resources Agency	Don Wallace	653-9709
Perinatal Substance Abuse Pilot Program	Alcohol and Drug Programs	Gloria Merk	445-2987
Greater Avenues for Independence (GAIN)	Social Services	Bruce Wagstaff	657-2367
Proposition 99 (Tobacco Tax and Health Protection Act of 1988)	Finance	Marty Ewing	445-6423 Ext. 50
Public Resources Account (Fund 0235)	Finance	Carol Baker	324-0043 Ext. 34
Proposition 98 (Classroom Instructional Improvement and Accountability Act)	Finance	Scott Hannan	445-0328 Ext. 42
Proposition 117 (California Wildlife Protection Act of 1990)	Finance	Carol Baker	324-0043 Ext. 34
Motor Vehicle Account (Fund 0044)	Finance	Gary Jerome	322-2263 Ext. 44
Petroleum Violation Escrow Account (Fund 0853)	Finance	Bob Dean	324-0043 Ext.36
Special Account for Capital Outlay (SAFCO) (Fund 0036)	Finance	S. Van Velkinburgh	445-9694 Ext. 44
Employee Compensation	Finance	Bill Young	445-3274 Ext. 29

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